



City of Seattle

Office of City Auditor

Susan Cohen, City Auditor

Date: May 9, 2000

To: John Prinos, Program Manager, Seattle Conservation Corps, Department of Parks and Recreation

CC: Councilmember Nick Licata, Chair, Culture, Arts and Parks Committee
Councilmember Jan Drago
Dwight Dively, Director, Executive Services Department
Susan Busbice, Director, Treasury Services, Executive Services Department
Ken Bounds, Superintendent, Department of Parks and Recreation
Sarah Welch, Director, Financial and Administrative Services, Department of Parks and Recreation
Robert W Wilkinson, Director, Facilities Maintenance and Development, Department of Parks and Recreation
Sandy Cohen, Director, Municipal Law Section, Law Department

From: Linneth Riley-Hall

Re: Seattle Conservation Corps Takes Steps to Improve Internal Controls

At the request of the Department of Parks and Recreation, I conducted two visits to the Seattle Conservation Corps site to assess the cash handling controls in place during the 9/16/99 theft of \$1,448. It has not been determined how these funds were taken from the site's locked safe; however, during my 10/12/99 visit I noted that the safe was broken and that assets were being locked in a file cabinet drawer. During this visit, I performed a surprise cash count of the employee personal funds stored at the site as well as the Conservation Corps' petty cash and loan funds. I determined that the site's cash handling practices should be strengthened and made several recommendations. On 2/25/00 I revisited the site to ensure that the recommended improvements discussed during the 10/12/99 visit had been implemented.

The following is a summary of the issues identified along with my recommendations and your responses to the recommendations.

Issue 1

The broken safe was replaced by a key and combination safe that was not bolted down and could be easily moved by one person.

Recommendation:

The safe should be bolted to something sturdy or replaced by one that could not be easily moved. This would decrease the risk that the safe and its contents could be stolen.

Management Response:

The safe has been bolted to an immovable object.



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Issue 2

The Seattle Conservation Corps Loan Fund records indicated that several program participants who are no longer employed by the City have not repaid their loans. These loans have been outstanding for more than 6 months.

Recommendation:

The Conservation Corps should implement procedures to ensure that efforts are made to collect outstanding debts from program participants who are terminating their employment. These procedures should include the possibility of withholding the program participant's last paycheck and applying it to any outstanding debt. The Conservation Corps should ensure that, upon requesting a loan, the program participant should be required to sign an agreement that provides details on the loan's terms, including the issue of unpaid loan balances at termination of employment.

Management Response:

We will make a stronger effort to collect outstanding debts from Corpsmembers who are leaving the program. The loan agreement form has been revised to reflect this change.

Issue 3

A sealed envelope for a Seattle Conservation Corps participant reportedly contained a money order. However, this item was not logged and the participant's case manager did not verify the value of the money order in the envelope or whether it was filled out or signed.

Recommendation:

Cash and other negotiable instruments that are being held for a participant should be logged and initialed by both the participant and case manager. This will help ensure that both parties have verified the contents of the envelope before it is placed in the safe under the custody of City employees. We recommended that the participant be required to open the envelope and show the money order to the case manager who will then log it into the system.

Management Response:

All cash and other negotiable instruments that are being held for participants are now documented in a folder and initialed by both the participant and the case manager.

Conclusion:

The Seattle Conservation Corps has quickly taken steps to improve internal controls that will better protect the City's assets as well as those of its program participants.

Conservation Corps management should consult with appropriate City officials and determine if the City should be responsible for storing and accounting for Corpsmembers' personal funds. If this is a goal of the Conservation Corps, written policies and procedures should be developed by management to govern this aspect of the program. The Conservation Corps should also obtain legal advice about the implications of this issue.

I would like to take this opportunity to commend the Seattle Conservation Corps team on their professional and prompt response to these internal control issues.